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September 6, 2013

REDACTED – FOR PUBLIC INSPECTION

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, NW
Washington, DC 20554

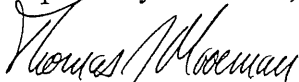
Re: WC Docket No. 10-90: Submission of Notice of Ex Parte Presentation

Dear Ms. Dortch:

Pursuant to the Third Supplemental Protective Order, WC Docket No. 10-90, DA 12-1995, released December 11, 2012, attached for filing are two copies of the redacted version of the Highly Confidential Version of the Notice of Ex Parte of the Nebraska Rural Independent Companies that has been filed today with the Commission. A copy of the attached is also being filed today through the Commission's Electronic Comment Filing System.

Please contact the undersigned should you have any questions.

Respectfully submitted,


Thomas J. Moorman

Attachments

September 6, 2013

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NOTICE OF EX PARTE

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: In the Matter of Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

On September 4, 2013 on behalf of the Nebraska Rural Independent Companies Ken Pfister of Great Plains Communications, Wendy Thompson Fast of Consolidated Companies, Harold Furchtgott-Roth of Furchtgott-Roth Economic Enterprises¹, Edit Kranner of Consortia Consulting, Inc., and Cheryl L. Parrino of Parrino Strategic Consulting Group met individually with Commissioner Pai and Matthew Berry, Priscilla Delgado Argeris of Commissioner Rosenworcel's office, and Amy Bender. Talmage Cox, Ian Forbes, Katie King, Travis Litman, Heidi Lankau, and Carol Matthey of the Wireline Competition Bureau with Rebekah Goodheart of Acting Chairwoman Clyburn's office joining the meeting with the bureau to discuss recommended changes to the Connect America Fund Cost Model ("CAM") based on CAF II – CAM 3.1.4.

We urged the Bureau and Commissioners to raise the "funding threshold" to reflect a carrier's expected average revenue so that funding is provided only where there is no business case to deploy broadband, that limited funding is disbursed to the higher cost areas, and that fewer locations are relegated to satellite or fixed wireless service. The Nebraska companies provided information comparing satellite and fixed wireless service to wired service. The companies urged the Bureau and the Commissioners to correct mapping, coverage and data issues in the model, to eliminate the alternative technology toggle for rate-of-return companies consistent with the decision in the transformation

¹ Mr. Furchtgott-Roth left each of the meetings when confidential materials were discussed.

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
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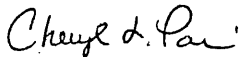
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order and to continue to fund those high-cost areas where broadband has already been deployed through the CAF.

A *redacted* version (redacting items that are confidential and subject to Third Supplemental Protective Order in WC Docket No. 10-90) of the specific recommendations and issues discussed with the Commissioner and staff are detailed in Attachment A to this filing.

This letter is being filed pursuant to Section 1.1206(b) of the Commission's rules.

Sincerely,



Cheryl L. Parrino

CLP:\NRIC Ex Parte 090613 Redacted

Enclosure

Cc: Commissioner Pai
Priscilla Delgado Argeris
Amy Bender
Matthew Berry
Talmage Cox
Ian Forbes
Rebekah Goodheart
Katie King
Travis Litman
Heidi Lankau
Carol Matthey

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Comparable Service and Prices Are Not Just Good Policy - It's the Law

On Behalf of the Nebraska Rural Independent Companies

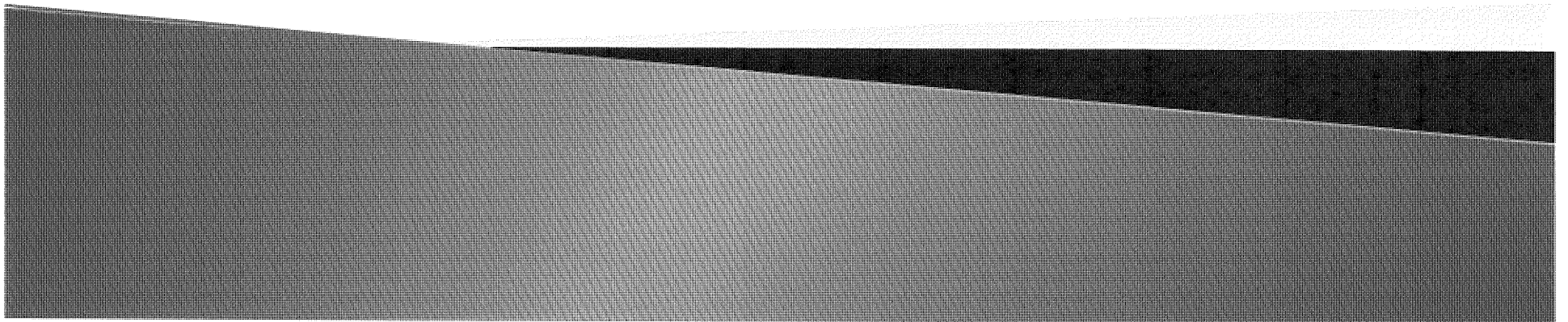
Ken Pfister, Great Plains Communications

Wendy Thompson Fast, Consolidated Companies

Harold Furchtgott-Roth, Furchtgott-Roth Economic Enterprises

Edit Kranner, Consortia Consulting

Cheryl L. Parrino, Parrino Strategic Consulting



Setting Thresholds and Model Options Drives Broadband Policy

- ▶ Support should not be provided to areas where a business case can be made for deploying broadband absent funding.
 - The “Funding Thresholds” currently under consideration are too low.
- ▶ Households relegated to an alternative technology must be minimized if not eliminated.
 - Even if satellite and fixed wireless obtain ETC status, their services are not comparable in quality or price.
- ▶ Data used in the model must be accurate.
- ▶ Support should be maintained to those high-cost areas that already have broadband deployed.
 - Any household currently served should not be relegated to an inferior alternative technology.

The Funding Thresholds Under Consideration are Too Low

- ▶ Too low of a Funding Threshold will:
 - Waste limited budget dollars on areas that do not need funding,
 - Shift funding away from higher-cost to lower-cost areas, and
 - Relegate too many locations to inferior satellite and fixed wireless service.
- ▶ The minimum Funding Threshold should be based on the expected revenue stream.

Assumptions:

80% take rate for voice and broadband

Comparability Benchmark_{Broadband} + Comparability Benchmark_{Voice} = \$97.00*

Funding Threshold_{Minimum} = Revenue_{average} = 80% * \$97.00 = \$77.60

- ▶ The current funding threshold is too low as it provides support to areas such as DC and Logan Airport.
- ▶ The budget and the Funding Threshold determines the Alternative Technology Threshold (ATT).

* FCC Public Notice, January 2013

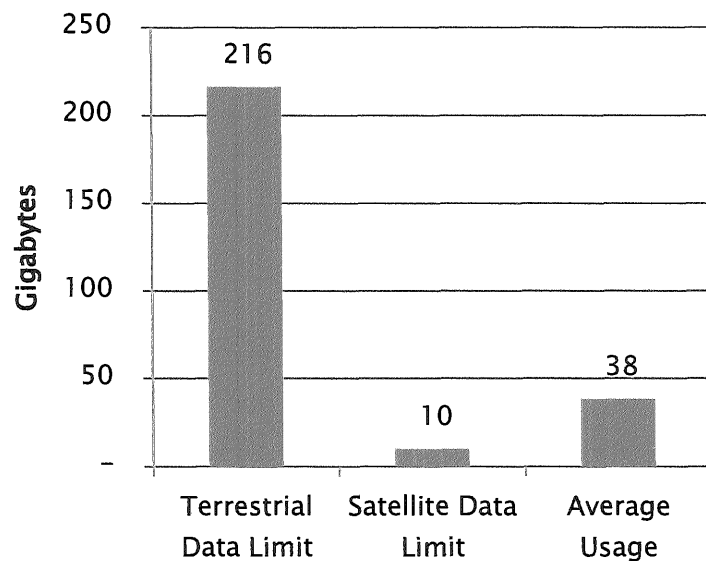
Alternative Technologies Are Not a Wireline Replacement

Technology	Performance of Broadband Alternatives				
	Latency and Jitter	Weather Interference	Technical Limitations	Capacity Limitation	Security
Satellite	Severe (20 times higher than terrestrial broadband), making real-time applications unusable	Service Unusable	Line of Sight, Shared Bandwidth, Limits on Satellite and Channel Numbers	Limited by the number of satellites	More Susceptible to Hackers, VPN functions poorly, if at all, emergency services not well defined
Fixed Wireless	Moderate	Service Unusable	Line of Sight, Shared Bandwidth, Poor Reliability, Short Range	Limited by the availability of spectrum and tower sites. Oversubscription leads to slow or degraded service.	More Susceptible to Hackers
Fiber	Negligible	Service Unaffected	Virtually None	Unlimited	Secured physically and by encryption

- ▶ Fixed Wireless and Satellite are limited in speeds, capacity, functionality and reliability.
 - Wireless depends on the wired network for backbone transport.
 - Satellite cannot be used for VoIP, videoconferencing, Telehealth, or VRS.
 - Satellite and fixed wireless are subject to degradation by atmospheric conditions—just when customers need emergency services the most.
 - Satellite and fixed wireless impose stringent data capacity limits.
- ▶ Fiber is more secure than any “over the air” technology.

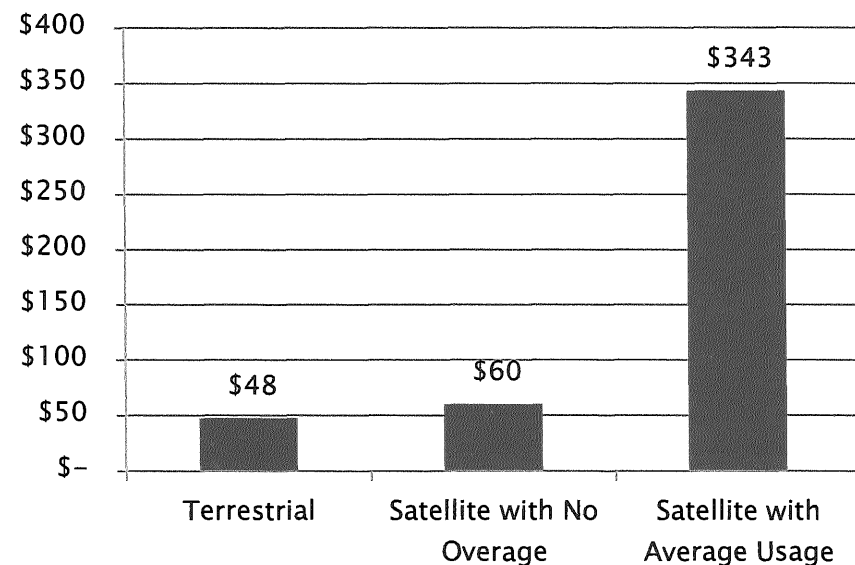
Broadband Satellite Is Expensive

Monthly Data Limits



SOURCE: Average Usage: AT&T 21 G; Sandvine 52 G; Cisco 42 G
Terrestrial Data Limit: Cox 30-400 G; CenturyLink 150-250 G; Comcast 300 G; AT&T 150 G
Satellite Data Limit: 10 G with \$10/G Overage Charge

Monthly Cost for 4/1 M Broadband Service



- One-time installation and equipment costs are significant (Over \$675).
- Severe monetary and speed penalties apply for usage exceeding the data limit of the package and average data usage is growing rapidly.

Satellite Rates Are Not Comparable, Even if the Rates Are Discounted Using RAF

- No more than \$100 M should be spent on inferior satellite service.

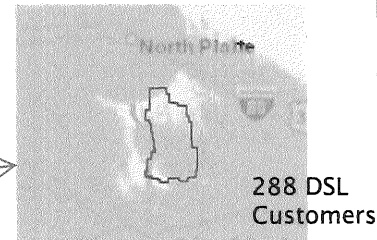
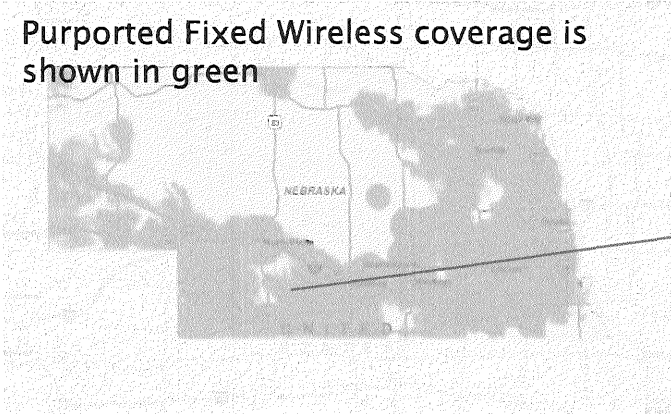
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Confidential Information – Subject to Third Supplemental Protective Order in WC Docket No. 10-90 Before the Federal Communications Commission

- Since the Discounted Rate_{Satellite} >> Comparable Rate_{Maximum} even the satellite rate with a buy down is not comparable.
- Funding satellite's installation costs would reduce the budget available to buy down the rate; resulting in a higher discounted rate.

Fixed Wireless Does Not Meet USF Performance Standards

Purported Fixed Wireless coverage is shown in green



Curtis Telephone Company
Service Area

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Docket No. 10-90
Before the FCC

- ▶ CAM eliminates support for many customers based on inaccurate mapping and service coverage information.
 - Because of the reported existence of a fixed wireless provider, only [REDACTED] of Curtis Telephone's 516 locations are funded that provides only provides 1 MB / 256 K with no voice service.
 - More locations would be over the ATT if not eliminated through the "Fixed Wireless Toggle" option.
 - Wireline companies will not build facilities if support is simply eliminated when a fixed wireless provider claims to have service capability.
- ▶ The burden of proof should be on the provider claiming service availability.
 - Fixed wireless providers typically need "line of sight" to provide service. Shape maps submitted for the NBM must be supported by actual propagation maps.

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Too Many Households Are Relegated to an Alternative Technology – Most Are Located West of the Mississippi

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Customers with Broadband Access Should Not Be Subject to RAF

- ▶ RoR customers already have access to broadband in many locations considered “extremely high-cost”.
- ▶ The FCC recognizes that RAF is not appropriate in RoR areas:
 - “...For rate-of-return areas, we may adopt a similar approach once the CAF model is finalized. In the meantime, rate-of-return carriers are required to extend broadband on reasonable request. *See supra* section VII.D.2. (Public Interest Obligations of Rate-of-Return Carriers).” *USF/ICC Transformation Order*, ¶ 533, fn. 893
- ▶ Any model utilized for RoR carriers should not include an alternative technology cutoff “toggle” for support distribution.

Maintain Support for Those Locations that Already Have Broadband Deployed

Consolidated Telephone's 6,600 square mile service area

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- ▶ Thresholds established should not harm the progress achieved under past USF policy.
 - 81% of these customers currently have access to 4/1 M broadband.
 - If the current model parameters were applied to Consolidated Telephone, universal service funding for nearly all its households would be eliminated– jeopardizing broadband already deployed as well as voice service.
- ▶ The FCC determined that RAF would not be available in areas already served but didn't specify if CAF would be available.
- ▶ The Connect America Fund (CAF) should provide funding in those areas where broadband has been deployed.

Recommendations Related to Model Parameters:

1. Set the Funding Threshold based on average revenue.
2. Minimize the number of locations to be funded through the RAF – serving only some households is not “universal service”.
3. Correct the mapping, coverage and data issues in the model.
4. Eliminate the alternative technology cutoff “toggle” for any support distribution to RoR carriers.
5. Modify the model to distribute CAF to remote area locations that already have broadband access.